

**Testimony of Congressman Bill Johnson (OH-6)  
Before the Committee on Natural Resources  
Subcommittee on Energy and Mineral Resources  
United States House of Representatives  
April 18, 2018**

Thank you, Mr. Chairman, for holding this important hearing today, and providing me with an opportunity to say a few words. I would also like to welcome Jeff Greenley, the Superintendent of Switzerland of Ohio Local School District, which is located in my district. Jeff, thank you for being here today, and for providing your thoughts on the POWER Counties Act.

As some of you might know, I represent rural Eastern and Southeastern Ohio, home to an abundance of fossil energy, including: both underground and surface coal mines; and, the Utica and Marcellus shale plays which have unlocked new economic opportunities for my district and Appalachia as an increasing amount of natural gas is produced. These developments have led to a growing interest in new and exciting manufacturing opportunities, like ethane cracker plants and ethane storage opportunities.

I know Members on this committee are no strangers to hearing stories like this one, as similar opportunities have emerged in many states and districts throughout the U.S. In fact, the U.S. is now the world's leading producer of oil and natural gas, and we are projected to become a net energy exporter by 2022. That's a big deal.

So, I'm hopeful everyone here can agree when I say: we must be doing everything we can to take full advantage of this energy abundance, and it's imperative that H.R. 3846, the POWER Counties Act is a part of those discussions.

While much of the increase in domestic energy development is occurring on private lands, there is development of these natural energy resources occurring on federal lands as well. For

example: after years of environmental reviews, the BLM has agreed to allow leasing for oil and gas in shale developments within the Wayne National Forest, which is located in my district. Multiple auction sales have already produced over \$8 million for taxpayers thus far, and once companies begin to receive their permits, more dollars will be sent to the federal government's coffers. It is critical that the BLM and U.S. Forest Service work efficiently on these applications - because, it's been almost a year since the first online auction leases were obtained, yet not a single federal permit to develop sub-surface resources has been issued.

But, once these leases begin to produce, I think it's only fair that some of the revenue be sent directly to the counties and schools in which those resources will be developed. Currently, states and the Reclamation Fund receive the bulk of the revenue generated from onshore mineral leases and production. Through a reduction in revenue currently sent to the Reclamation Fund, The POWER Counties Act would ensure 20% of that revenue is sent back to the counties where the leases and production are occurring. This concept is not unprecedented, as 25% of the revenues generated from geothermal energy on federal lands are permanently appropriated to the counties where that energy originated.

Now, I stand ready and willing to work with the Committee and interested stakeholders to fine tune this legislation. I fully appreciate the vital purpose that the Reclamation Fund serves, and I do not wish for this legislation to interfere with that purpose. If done right, I think everyone can come out a winner, especially when you consider that since the mid-1990s, revenues going into the Reclamation Fund have exceeded appropriations by more than \$100 million. And according to the Congressional Research Service, the fund's balance was \$13.8 billion as of FY17.

Additionally, 75% of the Fund's revenue from FY 2003 – FY 2017 came from natural resource royalties. Clearly, there is more money going into this fund than has historically been

appropriated for irrigation purposes, and the POWER Counties Act can help provide purpose and accountability for some of those surplus Reclamation Fund dollars. So, I think it's appropriate to have a discussion on how onshore revenues are currently disbursed, and to consider revisions. Again, I look forward to working with all interested stakeholders and hearing their feedback.

As I previously mentioned, new and exciting economic endeavors await Eastern and Southeastern Ohio, and that's primarily thanks to energy development. But we must be prepared for those opportunities, and that type of preparation does not happen overnight. Among other things, we need a workforce that has access to an education that prepares them for these new jobs. We need to cultivate good-paying employment opportunities for our students that are within their communities – not just in Cleveland, Columbus, Cincinnati, or elsewhere outside of Ohio. It is my hope that the POWER Counties Act can help achieve these objectives by providing our students with the resources they need to be successful, along with helping ensure local communities can appropriately address their infrastructure needs, thereby attracting new businesses and employers to the area.

At the end of the day, the POWER Counties Act is about providing local leaders - like Superintendent Greenley, who know their communities best - with some financial flexibility to take better advantage of these revenues created from energy development, and invest those dollars on projects that really matter to the community – on opportunities that truly propel our communities forward.

Thank you again for allowing me to discuss this important bill and issue, and I look forward to the witnesses' testimonies.